

High-Velocity Economic Development for Utah

Current Situation:

- According to a study by Wirthlin Worldwide, 7.1 million adults say they are more likely to vacation in Utah as a result of the 2002 Olympic Winter Games. Advertising invitations need to trigger this new revenue.
- Utah has been losing market share at about the same rate that its tourism marketing budget has been declining.
- Competition is fierce. The total budget for the Arizona Office of Tourism is \$15.6 million. New Mexico: \$14 million. Wyoming: \$9.1 million. *Utah: \$3.9 million (less than half the western average of \$8.2 million).*

Return On Investment:

- According to an advertising effectiveness study by NFO Plog Research (now known as TNS – one of the world's largest market information research companies), for every \$1 spent on branding Utah, \$8.64 is generated in tax revenue.
 - Survey mailed-out in Winter & Spring of 2003 to people in 11 Western States plus three test markets – Los Angeles, Dallas, and Las Vegas.
 - 6,747 qualified respondents returned the questionnaire and had traveled in the past 12 months.
 - To be counted in the ROI calculation, respondents had to say:
 - 1) They saw the Utah! ad.
 - 2) The ad caused them to book a trip to Utah or lengthen their stay and/or visit more attractions.
 - 3) They actually visited the state.
 - Utah's ROI figure is about in the middle compared to ROI's of other states.
 - The ROI figure is conservative – people who did not say the ad impacted their decision were not counted.
 - Professors at the Institute for Outdoor Recreation and Tourism at Utah State University reviewed the methodology of the NFO Plog study.
 - They found the methodology to be "reasonable and consistent with standard practice".
 - They found the results to be valid.
 - Economists at GOPB, the Legislative Fiscal Analyst, economists for DCED, and staff at the Legislative Office of Research & General Counsel also reviewed the study.
 - To our knowledge, none of these experts have questioned the validity of the results.

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Economic Impact from a \$10 Million Utah Advertising Campaign:

After the advertising takes effect in 18 to 24 months:

- An additional 4.6 million visitors would spend \$1.08 billion at Utah businesses.
- \$86.4 million of tax revenue
 - State Tax Revenue: \$63.6 million
 - Local Tax Revenue: \$22.8 million
 - Potential tax relief for Utah households would go from \$420 to \$561.
- More visitors mean more jobs in Utah!

High-Velocity Economic Development Legislation:

- THIS IS NOT A TAX INCREASE. Invest a small percentage of the annual GROWTH in sales tax revenue from tourism-related businesses in a Tourism Performance Marketing Fund used strictly for tourism marketing.
- PERFORMANCE-BASED – The performance of the travel and tourism industry determines how much money goes into the fund.
- ACCOUNTABILITY – The Utah Division of Travel Development will be required to report to the legislature on the performance of the fund.
- POLICY BOARD – This policy board will have industry and geographical representation.
- PERFORMANCE-BASED FUNDING used for:
 - AGGRESSIVE POSITIONING OF THE UTAH! BRAND resulting in a significant increase in demand.
 - CO-OP ADVERTISING with local counties and non-profit destination marketing organizations (participation is voluntary) to leverage state resources and increase exposure for local destinations and attractions.

For more information including:

- 1) the latest draft of the legislation
- 2) a PowerPoint presentation that explains in detail the need for more funding and how the performance-based funding formula works
- 3) an electronic version of these talking points

go to: <http://travel.utah.gov>